

Granby Telephone Company

— A PINE TREE NETWORKS COMPANY —

August 26, 2008

Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Received & Inspected

SEP 1 - 2008

FCC Mail Room

WC Docket No. 05-195

Dear Chairman Martin and FCC Commissioners:

We write to express our concern about the manner in which ongoing audits of the Universal Service Fund (USF) are being conducted by the Universal Service Administrative Company (USAC) at the direction of the commission's Office of the Inspector General (OIG). While we embrace the constructive use of audits to ensure the integrity of the Universal Service program, our concerns are focused on the unnecessary burden imposed on small, rural telecommunications providers by auditors in the field.

Regarding audits of the "high-cost fund" portion of the USF, our constituents report that the contracted auditors are often entirely inexperienced, with little or no knowledge of the telecommunications industry and FCC cost accounting rules. The Inspector General's most recent semiannual report indicates that USAC has been directed "to provide more specific auditor training" for the latest round of audits. Unfortunately, if such training has been provided, it appears not to have reached all auditors, raising questions about the consistency of the audits being performed.

Also, we have been informed that the auditors are extremely inflexible with regard to the dates audits are to be performed, as well as with the dates on which documents must be produced. Our constituents understand the need for deadlines, however, ten days is often not enough time to locate documentation that often dates back three decades. These types of demands put an extreme burden on the operations of small companies, as "all hands are needed on deck" to serve the auditor rather than serving the needs of their customers.

Further, we are concerned with the manner in which audit findings are being reported. For example, in the most recent round of audits, the amount of funds estimated to be potential improper payments far exceeded the actual amounts found in the audits. Of the \$618 million estimated potential improper payments in the high-cost fund, only \$78,599 was determined to be in error and may be recoverable. Moreover, "errors" include both overpayments and underpayments. Such reporting misrepresents the faithfulness and accuracy of compliance with Universal Service rules and fosters misinformed political responses that threaten to undermine the economic benefits of the program to rural consumers and businesses throughout the United States.

Noting the expense of such oversight, we recommend that the OIG develop "agreed upon auditing procedures" for USF oversight. Such procedures could result in significant cost savings, by allowing the OIG to take advantage of the numerous audits the companies in question already submit to and that are performed by independent auditors holding the same licenses and having the same professional duties as auditors contracted for the USF oversight audits.

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p: (207)688-8811 f: (207)688-8833 • www.pinetreenetworks.com

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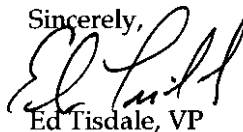
For example, many of these companies are subject to regular audits due to the loans they receive from the Department of Agriculture's Rural Utilities Service. Streamlining the auditing process and including audits that are already being completed for federal government agency compliance would help eliminate the burden placed on small, rural telecommunications companies and ensure USF resources are going to the intended purpose of ensuring all Americans have access to affordable telecommunications services. Barring the willingness to take advantage of existing audits, we still see merit in the formulation of agreed upon auditing procedures for use by the contracted auditors. Such standardized procedures would go a long way toward mitigating concerns about the inconsistency of the current process.

Finally, rural telecom providers are concerned that the USF audits may threaten them with potential violation of §222 Customer Proprietary Network Information (CPNI) law and regulation. For example, companies are reporting that auditors are demanding copies of customer billing records. These requests naturally place company management in an awkward position of determining whether to comply with auditors' demands, or violate the law. We understand that during some audits, auditors have referred to sections of law that authorize the commission and their outside auditors to access records and information. However, since the OIG's report states the auditors are under contract with USAC, which is not part of the FCC, there is a legitimate question as to whether or not these auditors have the legal right to CPNI documents. Accordingly, we respectfully request that the commission issue a legally defensible clarification of commission rules that will clarify whether, and to what extent, auditors may have access to CPNI.

Again, we do not question the need for audits. In fact, rural telecom providers are confident that their compliance with federal rules is exemplary. However, the number of audits and the manner in which they are being executed is causing unnecessary burdens for USF, telecommunications providers, and most importantly rural consumers.

We thank you for your attention to this critical matter, and we look forward to a prompt response to our concerns. We are happy to provide you with any additional information or assistance you may desire in an effort to improve the current audit process.

Sincerely,



Ed Tisdale, VP

The Granby Telephone & Telegraph Co. of Ma., Inc.

cc: FCC Commissioners
FCC OIG
USAC



Pine Tree Networks

Clear Choices in Communications

Received & Inspected

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August 20, 2008

FCC Mail Room

Federal Communications Commission
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Washington, DC 20554

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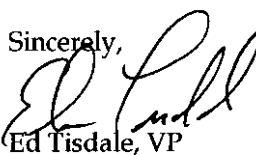
Clear Choices in Communications

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Ed Tisdale, VP

Saco River Telegraph & Telephone Company
The Pine Tree Telephone & Telegraph Company

cc: FCC Commissioners
FCC OIG
USAC



War Telecommunications

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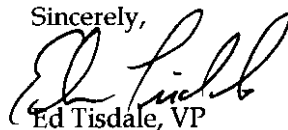
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Ed Tisdale, VP

War Acquisition Corporation,
dba War Telecommunications

cc: FCC Commissioners
FCC OIG
USAC